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FISCAL IMPACT STATEMENT

LS 6985

BILL NUMBER: HB 1270

NOTE PREPARED: Feb 17, 2012

BILL AMENDED: Feb 16, 2012

SUBJECT: Commission for Higher Education.

FIRST AUTHOR: Rep. Clere

FIRST SPONSOR: Sen. Kruse

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill abolishes the State Student Assistance Commission (SSAC). It abolishes the Commission on Proprietary Education (COPE). The bill requires the Commission for Higher Education (Commission) to administer the functions formerly administered by SSAC.

The bill establishes the Commission on Postsecondary Proprietary Education (CPPE). It provides that the CPPE is responsible for accrediting a postsecondary credit-bearing proprietary educational institution. The bill also provides that the Commission is responsible for providing staff and office space for the CPPE.

The bill provides that the State Workforce Innovation Council is responsible for accrediting postsecondary proprietary educational institutions that are non credit-bearing.

The bill provides that the market research of a postsecondary credit-bearing proprietary educational institution may not be considered or required by CPPE as a condition for accrediting or renewing the accreditation of or for approval of the programs of a postsecondary credit-bearing proprietary educational institution.

The bill requires the Auditor of State to transfer \$300,000 of the balance of the Career College Student Assurance Fund to the Career College Student Assurance Fund administered by the CPPE. It also requires the State Auditor to transfer the balance of the current Career College Student Assurance Fund to the Student Assurance Fund administered by the State Workforce Innovation Council.

The bill requests the Legislative Council to assign issues relating to the accreditation of proprietary institutions to an appropriate study committee.

The bill repeals: (1) provisions relating to establishment and administration of SSAC; (2) provisions relating to establishment and administration of COPE; (3) certain provisions requiring the Commission for Higher Education to provide SSAC information to implement the minority teacher or nursing scholarship program; and (4) definitions relating to SSAC or COPE.

The bill adds transitional provisions. It also makes conforming and technical amendments.

Effective Date: Upon passage; July 1, 2012.

Explanation of State Expenditures: The bill transfers all the real and personal property, powers, duties, assets, liabilities, and appropriations to the new authorities designated under this consolidation. The Commission for Higher Education is to provide CPPE with staff and office space. CPPE may also report to the Legislative Council regarding the transition of responsibilities from COPE to CPPE and may make recommendations for possible changes. The CHE, CPPE, and the State Workforce Innovation Council would be able to perform the current duties of SSAC and COPE within the current level of appropriations.

Background:

| Agency | 2013 Appropriation |
|--|---------------------------|
| Commission for Higher Education | \$1,255,225 |
| | |
| State Student Assistance Commission | \$912,336 |
| 21st Century Administration | \$1,892,383 |
| Freedom of Choice Grants | \$53,369,953 |
| Higher Education Award Program | \$156,520,749 |
| Nursing Scholarship Program | \$337,179 |
| Tuition and Fee Exemption for Children of Veterans and Public Safety Officers | \$26,619,114 |
| Part-Time Student Grant Distribution | \$7,851,835 |
| Contract for Instructional-Opportunities for Southeastern Indiana | \$207,000 |
| Minority Teacher Scholarship Fund | \$415,919 |
| College Work Study Program | \$837,719 |
| 21st Century Scholars Awards | \$29,109,298 |
| National Guard Scholarship | \$2,806,588 |
| Total | \$280,880,073 |
| | |
| Commission on Proprietary Education | \$273,550 |

Currently, SSAC has 23 employees, CHE has 12 employees, and COPE has 5 employees.

SSAC receives approximately 459,000 financial aid applications annually and provides about \$277 M in financial aid to about 74,000 students.

(Revised) The bill creates two new funds. The Career College Student Assurance Fund is administered by CPPE and the Student Assurance Fund is administered by the State Workforce Innovation Council. The bill would transfer \$300,000 from the existing Career College Student Assurance Fund to the Career College Student Assurance Fund administered by CPPE with the remain balance being transferred to the Student Assurance Fund. As of February 16, 2012, the Career College Student Assurance Fund had a balance of about \$890,762. Currently proprietary schools make contributions into the Career College Student Assurance Fund until the fund balance is \$1 M. The bill would require contributions into the new funds until the balance was \$1 M in the respective funds.

(Revised) The bill also creates the Proprietary Education Institution Accreditation Fund to be administered by the State Workforce Innovation Council. The fund would not revert to the general fund at the end of a state fiscal year. Various accreditation fees that currently go into the State General Fund would go into the new fund. For FY 2011, the General Fund received \$152,860 in accreditation fees from the Commission on Proprietary Education.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Student Assistance Commission, Commission on Proprietary Education, Commission for Higher Education, State Workforce Innovation Council.

Local Agencies Affected:

Information Sources: State Student Assistance Commission *2009-2010 Annual Report*, <http://www.in.gov/ssaci/2394.htm>; Commission for Higher Education, Jason Dudlich.

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